

## **IRS 990 and data needs studies**

**ISSUE:** What are the strengths and weaknesses of available data to judge total financial circumstances of hospitals and other providers of Medicare services? What is the usefulness of the IRS form 990s in reporting on hospitals' investments, endowments, fundraising, and access to capital?

**KEY POINTS:** The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) requires two MedPAC studies on data issues. The first is on the need for and sources of current data to determine the solvency and financial circumstances of hospitals and other providers of Medicare services. We will review measures of both total (all payer) and Medicare financial performance of providers. Our preliminary outline examines the strengths and weaknesses of available data for constructing these measures and considers ways the data could be improved.

The second study is on the use of the IRS form 990 to report on investments, endowments, and fund raising activities for hospitals participating under Medicare and their related foundations. This study will also examine the use of the 990s to assess hospitals' access to capital. Information on 990s is limited to private, not-for-profit hospitals—public hospitals and proprietary hospitals do not file 990s.

MedPAC contracted with Nancy Kane at the Harvard School of Public Health to help us address the questions raised in this study. She will present her findings on the use of the IRS form 990, and we will present some issues and findings on the data needs study for the Commission to discuss.

The due date for both of these studies is June 1, 2004.

**ACTION:** We would appreciate Commissioners' comments on the preliminary findings of each study.

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